

NATIONAL SCIENCE FOUNDATION
Washington, DC 20550

GRANT POLICY MANUAL TRANSMITTAL MEMORANDUM NO. 7

April 1, 1993

Subject: Policies and Procedures for Informal Resolution of Disputes
Revised *Grant General Conditions*

Purpose/Background. This memorandum transmits changes to the *Grant Policy Manual* (GPM) and provides a summary of the changes. This revision transmits the *Grant General Conditions*, GC-1 (1/93) and clarifies NSF disputes resolution procedures.

SUMMARY AND EXPLANATION OF REVISED SECTIONS

Section 690 has been revised to set forth NSF procedures regarding the informal resolution of disputes under NSF grants. These changes clarify NSF procedures for requests for review of grant administration disputes. Changes from the current GPM Section 690 include a requirement for grantees to submit a full statement of the grantee's position relative to a request for review of the Grant Officer's determination. The new provisions also eliminate the review by a minimum of a three-person panel of disputes other than termination orders and suspensions over 60 days.

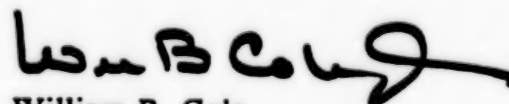
Changes to the *Grant General Conditions* include a revised maximum daily rate of compensation for consultants.

Page Placement.

Replace the current pages VI-11 and VI-12 with the Change Pages VI-11 through VI-12(a).

Replace the current exhibit pages II-19 through II-25 with the Change Pages of the same number.

Any questions regarding the *Grant Policy Manual*, this Transmittal Memorandum or any other award policy issues may be addressed to the Policy Office, Division of Grants and Contracts by telephone at (202) 357-7880 or by e-mail to policy@nsf (BITNET) or policy@nsf.gov (Internet).



William B. Cole
Director,
Division of Grants and Contracts

Attachment: Change Pages

e. for all grants involving human subjects or vertebrate animals, an updated annual certification is required by the Foundation as an appendix to the report if protocols have been changed substantively from those originally proposed and approved.

673.2 Timing of Progress Reports

Unless otherwise specified in the grant instrument, progress reports shall be submitted in the following frequency:

a. For standard grants awarded for two or more years, progress reports are required annually, no later than 90 days after the anniversary of the effective date of the grant. If the grant is not renewed, no progress report is required at the end of the final year; only the final project report need be submitted.

b. For continuing grants, the progress report is part of the annual request for continued support, described in GPM 253.

674 Final Disbursement Reporting

NSF does not require grantees to submit individual Financial Status Reports (SF 269) for purposes of final grant accountability. NSF procedures have been designed to extract the final financial data from the entries in the Federal Cash Transactions Report (FCTR), SF 272A. This reporting is accomplished as follows:

a. For any grant listed on the FCTR that expired prior to the beginning of the quarter covered by the FCTR, the grantee will enter the final disbursement amount in the "Net Disbursement Reporting Quarter" column.

b. If there are valid unpaid obligations outstanding at the time final disbursements are due, the obligations must be charged against the NSF cash advance and reported in the "Net Disbursement Reporting Quarter" column as if they had actually been paid. If subsequent payment differs by \$300, plus or minus, from the amount previously reported, the grantee must request the approval of the Acquisition and Management Support Branch of the Division of Grants and Contracts. The request should specify the reason for the adjustment. Adjustments will not be approved for amounts less than \$300.

c. If by law, regulation, or accounting system limitations, valid unpaid obligations cannot be charged against the NSF advance and reported as disbursed in accordance with b, above, closeout by the Foundation will be deferred provided that:

1. the grantee submits to the Division of Financial Management, Grantee and Cash Management Branch, a one-time statement of the reason(s) for not reporting unpaid obligations as disbursed;

2. for each grant to be held active, the grantee inserts "unpaid obligations" in the Recipient Remarks column of the FCTR; and

3. the grantee signs the certification printed at the end of the FCTR.

d. The final disbursement amount may not exceed the amount of the grant. If the grantee erroneously reports such an excess, NSF will keep the grant in the FCTR in the subsequent quarter to give the grantee an opportunity to review its ac-

counting records and make the necessary adjustments so that the disbursement amount does not exceed the grant amount.

e. When the final disbursements have been recorded by NSF, the grant will be financially closed and no additional disbursements should be shown by the grantee in subsequent reports.

f. When all final reporting requirements have been met, the grant will be deleted from the FCTR. When this is done, the grant will be shown in the next "Schedule of Awards Purged and Subsequent Adjustments During the Quarter," Part IV of the FCTR.

675 Final Project Report

Within 90 days following expiration of the grant, one copy of a Final Project Report (NSF Form 98A), shown in Exhibit VI-4, must be submitted to the cognizant NSF Program Officer. This form contains a summary of the completed project that will be used to answer inquiries by non-scientists as to the nature and significance of the research. The form also includes space to indicate the status of submission of the final technical information items for NSF program use. (See GPM 676.) In addition, Part IV of the form requests summary data on the project personnel.

676 Final Technical Information Items

As soon as they are available after completion of the project, the following technical items must be submitted for NSF program management use:

- a. abstracts of theses;

- b. publication citations and reprints of articles;

- c. data on scientific collaborators;

- d. brief descriptions of primary data, samples, physical collections, inventions, software, etc. created or gathered in the course of the research and, if appropriate, how they are being made available to the research community, (give the NSF Invention Disclosure number for any invention);

- e. technical description of the project and results; and

- f. other materials either required in the award instrument or considered to be useful to the Foundation.

677 Compliance with Reporting Requirements

The Division of Financial Management monitors report submissions to assure that the requirements for final disbursement information in the FCTR are fulfilled. NSF Program Officers are responsible for assuring that the Final Project Reports on prior, expired awards have been submitted by Principal Investigators (PIs) before new awards are made to those PIs.

678 Grant Closeout

Grant closeout is the process by which NSF determines that all applicable administrative actions and all required work of the grant have been completed. Grants will be closed upon receipt of the final disbursement information in the FCTR and Final Project Report, and after determination that any other administrative requirements in the grant instrument have been met. In the event a final audit has not been performed prior to

the closeout of the grant, the Foundation reserves the right to recover appropriate amounts after fully considering the recommendations on disallowed costs resulting from the final audit.

680 RECORDS RETENTION AND AUDIT

681 Background

GPM 682 implements the requirements of Attachment C to OMB Circular A-110 and of Attachment C to OMB Circular A-102 concerning retention and custodial requirements for records concerning grants.

682 NSF Requirements

a. Financial records, supporting documents, statistical records, and other records pertinent to a grant will be retained by the grantee for a period of three years from submission of the Final Project Report described in GPM 675 except that:

1. Records which related to audits, appeals, litigation, or the settlement of claims arising out of the performance of the project will be retained until such audits, appeals, litigation, or claims have been disposed of.

2. Records relating to projects subject to the project income provisions of GPM 773 will be retained until three years from the end of the grantee's fiscal year in which the grant letter requirements for reporting income expires.

b. Unless court action or audit proceedings have been initiated, the grantee may substitute microfilm copies of original records.

c. The NSF Director and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of the grantee organization (and of the performing organization, if different) to make audits, examinations, excerpts, and transcripts. Further, in accordance with paragraph 4i of Attachment O to OMB Circular A-110, any negotiated contract in excess of \$10,000 made by the grantee shall include a provision to the effect that the grantee, NSF, the Comptroller General, or any of their duly authorized representatives, shall have access to pertinent records for similar purposes.

d. In order to avoid duplicate record keeping, NSF may make special arrangements with grantees to retain any records which are needed for joint use. NSF may request transfer to its custody of records not needed by the grantee when it determines that the records possess long-term retention value. When the records are transferred to or maintained by NSF, the three-year retention requirement is not applicable to the grantee. In the rare event that these provisions are exercised, NSF will negotiate a mutually agreeable arrangement with the grantee regarding reimbursement of costs.

e. It is the responsibility of grantees that are institutions of higher education or other non-profit organizations to arrange for the conduct of audits as required by OMB Circular A-133, "Audits of Institutions of Higher Education and Other Non-profit Institutions," except those institutions that are audited as part of single audits in accordance with OMB Circular A-128, "Audits of State and Local Governments." Any Federal

project audit(s) deemed necessary by NSF shall build upon the results of such audit(s).

690 INFORMAL RESOLUTION OF GRANT ADMINISTRATION DISPUTES

691 Background

Consistent with the "Recommendation on Grant Disputes" by the Administrative Conference of the U.S., and with the intent of the provisions of Alternative Dispute Resolution, the Foundation provides the informal resolution processes described below concerning disputes or disagreements that may arise over Grants Officer post-award decisions under an NSF grant.

692 Scope of Post-Award Disputes Covered

a. The disputes below are covered under the process described in GPM 693.1:

- 1) suspensions over 60 days, and
- 2) termination orders (GPM 660).

b. The disputes below are covered under the process described in GPM 693.2:

- 1) Reviews of suspensions of 60 days or less;
- 2) Cost disallowances pursuant to an audit report;
- 3) Indirect cost rates or amounts for indirect costs included in NSF awards (GPM 535.2);
- 4) Denials of no-cost extensions (GPM 244.3); and
- 5) Amounts of funding provided in NSF awards or by amendments.

c. Requests for reconsideration of a declined proposal or a proposal returned as inappropriate for NSF consideration are covered in GPM 235.

693 Procedures

693.1 Review of Suspensions over 60 Days and Termination Orders

a. The grantee should submit a certified letter to the Director, Division of Grants and Contracts, National Science Foundation, 1800 G Street, NW, 20550, noting the grantee's disagreement or dispute and identifying the NSF Grants Officer's decision in question, giving reasons for the request for review, and providing any other material pertinent to the matter.

b. The letter to the Director, Division of Grants and Contracts (DGC) must be postmarked no later than 30 days after the date of the letter notifying the grantee of the decision in question. The time for filing a request for review is strictly enforced and no extensions for the purpose of preparing it will be granted.

c. The request for review need not follow a prescribed format; however, it must contain a full statement of the grantee's position with respect to the disputed matter and the facts and reasons in support of the grantee's position. Requests must be based in fact and will be reviewed if the grantee submits new information (which was unavailable at the time of the original decision); if an error in fact or application of NSF policy is

noted in the original decision; or improper procedures were followed in the original decision.

d. The Director, Division of Grants and Contracts or his/her designee will promptly acknowledge receipt of the request and appoint an ad hoc review panel. The ad hoc review panel will consist of a minimum of 3 persons. The panel will not consist of any member who was directly involved with the termination or suspension action or in recommending and/or monitoring the scientific aspects of the project or responsible for negotiating and/or administering its business aspects. The review panel will be chaired by DGC, and typically may include a DGC grants official, a program official, and an attorney from NSF's Office of the General Counsel.

e. The panel will review and consider all relevant information available to it and prepare a report of its conclusions and recommendations within 90 days and will forward the report to the NSF Director or his/her designee.

f. The NSF Director or his/her designee will make the final and unappealable decision for the agency and will communicate the decision in writing to the grantee within 15 days of receipt of the panel's recommendation unless otherwise specified by NSF.

693.2 Review of Suspensions of 60 days or less, Cost Disallowances, Indirect Costs, No-cost Extensions and Award Amounts

a. The grantee should submit a certified letter to the Director, Division of Grants and Contracts, National Science Foundation, 1800 G Street, NW, 20550, noting the grantee's disagreement or dispute and identifying the NSF Grants Officer's decision in question, giving reasons for the request for review and providing any other material pertinent to the matter.

b. The letter to the Director, Division of Grants and Contracts (DGC) must be postmarked no later than 30 days after

the date of the letter notifying the grantee of the decision in question. The time for filing a request for review is strictly enforced and no extensions for the purpose of preparing the request will be granted.

c. The request for review need not follow a prescribed format; however, it must contain a full statement of the grantee's position with respect to the disputed matter and the facts and reasons in support of the grantee's position. Requests must be based in fact and will be reviewed if the grantee submits new information (which was unavailable at the time of the original decision); if an error in fact or application of NSF policy, the cost principles or other laws or regulations that relate to the allowability of costs is noted in the original decision; or improper procedures were followed in the original decision.

d. Upon receipt of the request, the Director of DGC or his/her designee will determine whether the issue is reviewable in accordance with these provisions and will promptly notify the grantee whether the request has been accepted for review.

e. The Director of DGC will review or designate one or more individuals to review the matter. One reviewing official will be at least one management level higher than the official who made the decision which is being reviewed. In no case, will the review be undertaken by any individual involved with the decision or involved in recommending and/or monitoring the scientific aspects of the project or responsible for negotiating and/or administering its business aspects.

f. The review will consider all relevant information available. The basis for conclusion and recommendation will be documented and given to the Director of DGC or his/her designee for a final and unappealable written decision for the agency. The Director of DGC or his/her designee will communicate the decision in writing to the grantee normally within 30 days of receipt of the request unless otherwise specified by NSF.

NATIONAL SCIENCE FOUNDATION
Washington, D.C. 20550

GRANT GENERAL CONDITIONS

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Article 1. Grantee Responsibilities and Federal Requirements

a. The grantee has full responsibility for the conduct of the project or activity supported under this award and for adherence to the award conditions. Although the grantee is encouraged to seek the advice and opinion of the Foundation on special problems that may arise, such advice does not diminish the grantee's responsibility for making sound scientific and administrative judgments and should not imply that the responsibility for operating decisions has shifted to the Foundation. The grantee is responsible for notifying NSF about (1) any allegation of scientific misconduct that it concludes has substance and requires an investigation in accordance with NSF misconduct regulations published at 45 CFR 689, and (2) any significant problems relating to the administrative or financial aspects of the grant.

b. **Administrative Requirements.** The requirements of this award are contained in these Grant General Conditions unless otherwise specified in the grant instrument. Certain applicable Federal administrative standards are incorporated by reference. The applicable requirements are contained in:

- (1) OMB Circular A-110, for grantees that are institutions of higher education, hospitals, and non-profit organizations;
- (2) 45 CFR 602 (the Common Rule implementing OMB Circular A-102), for units of State and local government; and
- (3) Attachments F (excluding subparagraphs 2.d and 2.h), N, and O to OMB Circular A-110 for commercial organizations, including small businesses.

c. By acceptance of this grant, the grantee agrees to comply with the applicable Federal requirements for grants and cooperative agreements and to the prudent management of all expenditures and actions affecting

the grant. Documentation for each expenditure or action affecting this grant must reflect appropriate institutional reviews or approvals which should be made in advance of the action. Institutional reviews are intended to help assure that expenditures are allowable, necessary and reasonable for the conduct of the project, and that the proposed action:

- (1) is consistent with grant terms and conditions;
- (2) is consistent with NSF and grantee policies;
- (3) represents effective utilization of resources; and
- (4) does not constitute a change in scope.

Nothing in this article shall be construed to require administrative reviews or documentation which duplicates those already required by existing institutional systems or by applicable Federal standards, e.g., OMB Circular A-110.

2. Prior Approval Requirements

Unless otherwise specified in the grant, provisions of the applicable Federal cost principles and other Federal administrative requirements for prior agency approval apply only to the activities and expenditures specified below.

a. Written prior approval from the NSF Grants Officer:

- (1) Significant Project Changes (see Article 8);
 - (a) Transfer of the project effort
 - (b) Change in objectives or scope
 - (c) Absence or change of PI
- (2) Establishing relatedness of projects under the direction of collaborating Principal Investigators (see Article 5); or
- (3) Rearrangements/Alterations \$10,000 or over (see Article 10).

b. Written prior approval from the cognizant NSF Program Officer is necessary to reallocate funds budgeted for participant or trainee support costs (see *Grant Policy Manual* Section 518).

3. Pre-Award Costs

a. Grantees may approve pre-award costs incurred within the ninety-day period immediately preceding the effective date of the grant. Requests for preaward costs for periods exceeding 90 days must be submitted in writing to the cognizant Grants Officer. Preaward expenditures prior to funding of an increment within a continuing grant are not subject to this limitation or approval requirement, but are subject to paragraph c, below.

b. Preaward costs must be necessary for the effective and economical conduct of the project and the costs must be otherwise allowable in accordance with Article 11.

c. Pre-award expenditures are made at the grantee's risk. Grantee authority to approve pre-award costs does not impose an obligation on the Foundation (1) in the absence of appropriations; (2) if an award is not subsequently made; or (3) if an award is made for a lesser amount than the grantee expected.

4. No-Cost Extensions

a. Grantees may extend the expiration date of the grant if additional time beyond the established expiration date is required to assure adequate completion of the original scope of work within the funds already made available. A single extension, which shall not exceed six (6) months, may be made for this purpose and must be made prior to the originally established expiration date. The grantee shall notify the NSF Grants Officer in writing within ten (10) days of approval of the extension to ensure accuracy of the Foundation's award data.

b. Requests for no-cost extensions beyond the above referenced authority must follow the procedures set forth in *Grant Policy Manual* Section 244.3.

5. Expenditures for Related Projects

a. During the grant period, grant funds may be committed or expended for otherwise allowable costs of related projects under the direction of one Principal Investigator, and charged to this or another NSF grant, provided the grants are scientifically or technically related.

b. Relatedness must be established and documented by the grantee on the basis of scientific or technical commonality of the work being supported. All determinations of relatedness must be initiated by or agreed to by all affected principal investigators. Examples of scientific or technical commonality include:

- (1) the theoretical approaches of projects are interrelated;
- (2) studies of the same phenomena are conducted by the same or different techniques; or
- (3) specific instrumentation, which is central to the work being performed, is used.

c. The scientific or technical relatedness of grants under the direction of two or more collaborating Principal Investigators must be approved in writing by the NSF Grants Officer with the concurrence of the appropriate NSF Program Officer(s).

d. Nothing in this article is intended to require additional determinations, documentation, or approvals in cases in which common costs are allocated among two or more grants on the basis of use or benefit in accordance with the applicable Federal cost principles.

e. Notwithstanding the above, no significant change in the objectives or scope of an individual NSF grant may be made unless the Foundation approves such a change in writing in accordance with Article 8.

6. Consultant Services

Payments to individuals for consultant services under this grant shall not exceed the daily equivalent of the then current maximum rate paid to a GS-18 Federal employee (exclusive of indirect cost, travel, per diem, clerical services, vacation, fringe benefits, and supplies). As of January 10, 1993, this rate is \$443 per day.

7. Equipment

a. Unless otherwise specified in the grant, title to equipment purchased or fabricated with NSF grant funds by all grantees except small businesses and commercial organizations [as defined in *Grant Policy Manual* Section 330] shall vest in the grantee institution, with the understanding that such equipment (or a suitable replacement obtained as a trade-in) will remain in use for the specific project for which it was obtained.

b. Unless otherwise specified in the grant, title to equipment purchased or fabricated with NSF grant funds by a small business or other commercial firm will vest in the Government. Such equipment will be managed in accordance with *Grant Policy Manual* Section 333.

c. The grantee will assure that each purchase of equipment is:

- (1) necessary for the research supported by the grant;
- (2) not reasonably available and accessible;
- (3) of the type normally charged as a direct cost to sponsored agreements; and
- (4) purchased in accordance with institutional practice.

d. Expenditures for general purpose equipment [see *Grant Policy Manual* Section 512.2(c)] are unallowable unless the equipment is primarily or exclusively used in the actual conduct of scientific research.

e. By acquiring equipment having a unit acquisition cost of \$10,000 or more, the grantee assures the Foundation that the equipment will be subject to reasonable inventory controls and maintenance procedures and, to the extent possible, will be shared for work on other projects.

8. Significant Project Changes

The grantee is required to obtain prior written approval from the NSF Grants Officer whenever there are significant changes in the project or its direction.

a. **Transfer of the Project Effort.** If it becomes necessary to transfer, by contract or other means, a significant part of the research or substantive effort after an award has been made, the grantee must inform the NSF Program Officer in writing, including description of the scientific/technical impact on the project, and a budget estimate. Approval of such arrangements that are disclosed in the proposal is not needed, unless specifically withheld in the award letter.

b. **Change in Objectives or Scope.** A proposed change in the phenomenon or phenomena under study or the objectives of the project stated in the proposal or agreed modifications thereto should be communicated in writing to the NSF Program Officer by the Principal Investigator and countersigned by the Authorized Organizational Representative. NSF approval of such changes will be by an amendment to the grant signed by the NSF Grants Officer.

c. **Absence or Change of Principal Investigator.** If a named Principal Investigator or Project Director plans to or becomes aware that he or she will (1) devote substantially less effort to the work than anticipated in the approved proposal, (2) sever his or her connection with the grantee organization, or (3) be absent for a continuous period of three months or more, or otherwise relinquish active direction of the project, he or she shall advise both the NSF Program Officer and grantee's Authorized Organizational Representative. Action appropriate to the situation will be initiated in accordance with the guidelines described in *Grant Policy Manual* Section 622.

9. Travel

a. Expenses for transportation, lodging, subsistence, and related items incurred by project personnel and by outside consultants employed on the project (*Grant Policy Manual* Section 516.1) who are in travel status on business related to an NSF-supported project are allowable as prescribed in the governing costs principles. The requirements for prior approval detailed in the governing cost principles are waived.

b. Support for the foreign travel of an investigator's dependents is allowable only under the following conditions:

(1) the investigator is a key person whose full-time presence is essential to the research; and

(2) the investigator's residence away from home and in a foreign country for a continuous period of six months or more is essential for the effective performance of the project.

c. Use of U.S.-Flag Air Carriers

(1) The Comptroller General of the United States, by Decision B-138942 of June 17, 1975, as amended March 31, 1981, provided guidelines for implementation of Section 5 of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 1517).

(2) Any air transportation to, from, between, or within a country other than the United States of persons or property, the expense of which will be assisted by NSF funding, must be performed by a U.S.-flag air carrier if service provided by such a carrier is available.

(3) For the purposes of this requirement, U.S.-flag air carrier service is considered available even though:

(a) comparable or a different kind of service can be provided at less cost by a foreign-flag air carrier;

(b) foreign-flag air carrier service is preferred by, or is more convenient for, the Foundation or traveler; or

(c) service by a foreign-flag air carrier can be paid for in excess foreign currency.

(4) The following rules apply unless their application would result in the first or last leg of travel from or to the United States being performed by a foreign-flag air carrier:

(a) A U.S.-flag air carrier shall be used to destination or, in the absence of direct or through service, to the farthest interchange point on a usually traveled route.

(b) If a U.S.-flag air carrier does not serve an origin or interchange point, a foreign-flag air carrier shall be used only to the nearest interchange point on a usually traveled route to connect with a U.S. flag air carrier.

(c) If a U.S.-flag air carrier involuntarily reroutes the traveler via a foreign-flag air carrier, the foreign-flag air carrier may be used notwithstanding the availability of alternative U.S.-flag air carrier service.

d. Use of Foreign-Flag Air Carriers.

(1) Travel To and From the United States. Use of a foreign-flag air carrier is permissible if:

(a) the airport abroad is the traveler's origin or destination airport, and use of U.S.-flag air carrier service would extend the time in a travel status by at least 24 hours more than travel by a foreign-flag air carrier; or

(b) the airport abroad is an interchange point, and use of U.S.-flag air carrier service would require the traveler to wait 6 hours or more to make connections at that point, or would extend the time in a travel status by at least 6 hours more than travel by a foreign-flag air carrier.

(2) Travel Between Points Outside the United States. Use of a foreign-flag air carrier is permissible if:

(a) travel by a foreign-flag air carrier would eliminate two or more aircraft changes en route;

(b) travel by a U.S.-flag air carrier would extend the time in a travel status by at least 6 hours more than travel by a foreign-flag air carrier; or

(c) the travel is not part of the trip to or from the United States, and use of a U.S.-flag air carrier would extend the time in a travel status by at least 6 hours more than travel by a foreign-flag air carrier.

(3) Short Distance Travel. For all short distance travel, regardless of origin and destination, use of a foreign-flag air carrier is permissible if the elapsed travel time on a scheduled flight from origin to destination airport by a foreign-flag air carrier is 3 hours or less and service by a U.S.-flag air carrier would double the travel time.

10. Rearrangements and Alterations

a. Rearrangement and alteration costs that do not constitute construction (i.e., rearrangements and alterations aggregating less than \$10,000) to adapt space or utilities within a completed structure to accomplish the objectives of the grant are allowable, provided:

(1) the building has a usable life consistent with project purposes and is architecturally suitable for conversion;

(2) the rearrangements and alterations are essential to the project; and

(3) the space involved will be occupied by the project.

b. In situations in which the space is rented because laboratory facilities or other work areas of a type of coverage not normally available to the grantee are required, the grantee must secure a lease for the length of the project using the space in order for the cost of rearrangements and alterations to be allowable. Rental charges may be made in conformance with the grantee's policies and in the same manner that similar charges are made to any account, provided that such rental costs are reasonable and otherwise conform to the governing cost principles.

11. Allowable Costs

a. The allowability of costs and cost allocation methods for work performed under this grant, up to the amount specified in the grant, shall be determined in accordance with the applicable Federal cost principles in effect on the effective date of the grant and the terms of the grant.

b. The Federal cost principles applicable to specific types of grantees are contained in:

(1) OMB Circular A-21 for both public and private institutions of higher education;

(2) OMB Circular A-122 for other nonprofit organizations, except those organizations specifically exempted by the Circular; or DHHS publication, Guide for Hospitals, OASC-3; as appropriate;

(3) Federal Acquisition Regulation 31.2 (48 CFR 31.2) for commercial firms and those nonprofit organizations specifically exempted from the provisions of OMB Circular A-122; and

(4) OMB Circular A-87 for State and Local Governments.

c. Certain prior approval requirements contained in these Federal cost principles have been modified by Article 2.

12. Payments

a. Unless otherwise specified in the grant, the grantee shall receive payments under this grant through cash advance by U.S. Treasury check drawn in amounts necessary to meet current needs, pursuant to the procedures contained in Treasury Department Circular No. 1075, revised. If the grantee does not qualify for advance payments by Line of Credit, advances shall be requested by submission of a Request for Advance or Reimbursement, SF 270 [see Chapter IV of the *Grant Policy Manual*]. For new grantees, a copy of SF 270 should have been provided by the Foundation along with a copy of the *Grant Policy Manual*. The grantee will arrange with the NSF Division of Financial Management for payment on a regular cycle or as required. The grantee agrees to

comply with all applicable Treasury regulations and National Science Foundation implementing and reporting procedures, which are outlined in Chapter IV and Chapter VI of the *Grant Policy Manual*.

b. In accordance with a revision to Attachment I to OMB Circular A-110, affected grantees are required to maintain advances of Federal funds in interest-bearing accounts and submit the interest earned to the Federal agency that provided the funds. Interest earned on advance payments to other than State agencies shall be reported to the Foundation on the Federal Cash Transactions Report, SF 272 (if payments are made in accordance with Paragraph a above) and remitted by check made payable to the National Science Foundation.

13. Continuing Grants

Unless otherwise specified, each successive increment of a continuing grant will be funded at the level indicated in the original grant letter without a formal request from the grantee, provided the required annual progress report from the PI(s) has been received and contingent on (1) availability of funds; (2) satisfactory scientific/technical progress; and (3) any special conditions of the grant.

14. Progress Reports

a. For standard grants of two or more years and for incrementally funded grants, an annual progress report is required.

b. **Content of Progress Reports.** Unless otherwise specified in the grant, progress reports shall include:

(1) a summary of overall progress, including results obtained to date, and a comparison of actual accomplishments with proposed goals for the period;

(2) an indication of any current problems or favorable or unusual developments;

(3) a summary of work to be performed during the succeeding budget period; and

(4) other information pertinent to the type of project being supported or as specified in the terms and conditions of the grant.

(5) For all grants involving human subjects (see *Grant Policy Manual* Section 711) or vertebrate animals (see *Grant Policy Manual* Section 713), an updated annual certification is required by the Foundation if protocols have been changed substantively from those originally proposed and approved.

(6) For continuing grants, the following information should be included, **only if applicable**:

(a) a proposal budget for the ensuing year (see *Grant Policy Manual* Section 253 for circumstances);

(b) a statement of funds estimated to remain unobligated at the end of the current support year if the amount exceeds 20% of the current increment; and

(c) current information about other support of senior personnel, if changed from the previous submission.

b. **Timing of Progress Reports.** Unless otherwise specified in the grant, one signed copy of progress reports shall be submitted to the cognizant NSF Program Officer according to the following schedule:

(1) For continuing grants, the required progress report shall be submitted to the cognizant NSF Program Officer at least 3 months prior to the end of the current budget period.

(2) For standard grants with an award duration of 2 years or more, the first report shall be submitted no later than 90 days after the anniversary of the effective date of the grant, with succeeding reports annually thereafter, except after the final year.

15. Final Report Requirements

Unless otherwise specified in the grant, within 90 days following the expiration of the grant the grantee must:

a. send one copy of the Final Project Report [NSF Form 98A (5/90)] to the cognizant NSF Program Officer, along with any technical information items listed in Part III of the Form 98A, as appropriate;

b. furnish the NSF Division of Financial Management with final disbursement information on the Federal Cash Transactions Report, SF 272; and

c. provide any unique reports or other end products in accord with the grant, including report requirements set forth in any NSF brochure, guide, solicitation, etc., referenced in the grant as being directly related to either the award or administration of this grant.

16. Information Collection

Information collection activities performed under this grant are the responsibility of the grantee, and NSF support of the project does not constitute NSF approval of the survey design, questionnaire content, or information collection procedures. The grantee shall not represent to respondents that such information is being collected for or in association with the National Science Foundation or any other Government agency without the specific written approval of such information collection plan or device by the Foundation. However, this requirement is not intended to preclude mention of NSF support of the project in response to an inquiry or acknowledgment of such support in any publication of this information.

17. Copyrightable Material

a. Subject writing means any material that:

(1) is or may be copyrightable under Title 17 of the United States Code; and

(2) is produced by the grantee or its employees in the performance of work under this grant.

Subject writings include such items as reports, books, journal articles, software, databases, sound recordings, video tapes, and video discs.

b. **Copyright Ownership, Government License.** Except as otherwise specified in the grant or by this paragraph, the grantee may own or permit others to own copyright in all subject writings. The grantee agrees that if it or anyone else does own copyright in a subject writing, the Federal government will have a nonexclusive, nontransferable, irrevocable, royalty-free license to exercise or have exercised for or on behalf of the United States throughout the world all the exclusive rights provided by copyright. Such license, however, will not include the right to sell copies or phonorecords of the copyrighted works to the public.

c. **Grants Affected by International Agreements.** If the award indicates it is subject to an identified international agreement or treaty, the Foundation can direct the grantee to convey to any foreign participant or otherwise dispose of such rights to subject writings as are required to comply with that agreement or treaty.

d. **Grantee Action to Protect Government Interests.** The grantee agrees to acquire, through written agreement or an employment relationship, the ability to comply with the requirements of the preceding paragraphs and, in particular, to acquire the ability to convey rights in a subject writing to a foreign participant if directed by the Foundation under the previous paragraph. The grantee further agrees that any transfer of copyright or any other rights to a subject writing, by it or anyone whom it has allowed to own such rights, will be made subject to the requirements of this article.

18. Project Income

a. **Definition.** Project income refers to that portion of gross revenues, including royalties, received by or accruing to the grantee through activities undertaken under this grant, whether received during or after the grant period. It includes, but is not limited to, proceeds from the sale, licensing, lease, rental, or other arrangement for the use, release, dis-

semination, or other disposal of copyrightable or noncopyrightable materials, properties, and inventions developed or produced under the grant. Income also includes any interest earned on all such revenues and proceeds.

b. **Standard Treatment.** Unless otherwise specified in the grant, project income received or accruing to the grantee during the period of this grant shall be retained and added to the funds committed to the project by the Foundation and used to further project objectives. The grantee shall have no obligation to the Foundation with respect to (1) copyright or patent royalties; or (2) project income received after the period of this grant.

c. **Records Retention.** The grantee is required to retain appropriate financial and other records relating to project income earned during the grant period and for three years beyond the end of the grant period.

19. Publications

a. **Acknowledgement of Support.** The grantee is responsible for assuring that an acknowledgement of NSF support will appear in any publication of any material based on or developed under this project, in the following terms:

"This material is based upon work supported by the National Science Foundation under Grant No. (NSF grant number)."

b. **Disclaimer.** The grantee is responsible for assuring that every publication of material based on or developed under this grant, except scientific articles or papers appearing in scientific, technical or professional journals, contains the following disclaimer:

"Any opinions, findings, and conclusions or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the views of the National Science Foundation."

c. **Copies for NSF.** The grantee is responsible for assuring that two copies of every publication of material based on or developed under this grant, clearly labeled with the grant number and other appropriate identifying information, are sent to the cognizant NSF Program Officer promptly after publication.

d. **Metric System.** All reports and publications resulting from this NSF grant shall use the metric system of weights and measures, unless its use is impractical or is likely to cause significant inefficiencies or loss of markets to the grantee, such as when foreign competitors are producing competing products in non-metric units.

20. Patent Rights

Unless otherwise provided in the grant letter, if this grant is for experimental, developmental, or research work, the clause found in the NSF *Grant Policy Manual* (implementing the Bayh-Dole Act, 35 U.S.C. 200 et seq.) applies [see *Grant Policy Manual* Section 751.3.] The grantee will include that clause in all subawards for experimental, developmental, or research activities.

21. Cost Sharing and Cost Sharing Records

a. The grantee must cost share under this grant in accordance with any specific requirements contained in or referenced by the grant. If the grant has no specific requirements and if the work supported by this grant is for research resulting from an unsolicited proposal, the grantee may meet the statutory cost sharing requirement by choosing either of two alternative methods: (1) by cost sharing a minimum of 1 percent on this project; or (2) by cost sharing a minimum of 1 percent on the aggregate total costs of all NSF-supported projects requiring cost sharing. [See *Grant Policy Manual* Section 640 for further guidance.]

b. The grantee must maintain records of all project costs that are claimed by the grantee as cost sharing as well as records of costs to be paid by the Government. Such records are subject to audit. If the grantee's cost participation includes in-kind contributions, the basis for

determining the valuation for volunteer services and donated property must be documented.

c. If the grant does not contain or reference any specific cost sharing requirements and provides funds solely for the following purposes (not considered to be in support of "research"), statutory cost sharing is not required [see *Grant Policy Manual* Section 643.1]:

- (1) international travel;
- (2) construction, improvement or operation of facilities;
- (3) acquisition of research equipment;
- (4) ship operations;
- (5) education and training;
- (6) publication, distribution and translation of scientific data and information;
- (7) symposia, conferences and workshops; and
- (8) special studies authorized or required by Subsections 3a(5) through 3a(7) of the NSF Act, as amended.

22. Audit and Records

a. Financial records, supporting documents, statistical records, and other records pertinent to this grant shall be retained by the grantee for a period of 3 years from submission of the Final Project Reports specified in Article 15.

(1) Records that relate to audits, appeals, litigation, or the settlement of claims arising out of the performance of the project shall be retained until such audits, appeals, litigation, or claims have been disposed of.

(2) Records relating to projects subject to special project income provisions shall be retained until 3 years from the end of the grantee's fiscal year in which the grant requirement for reporting income expires.

b. Unless court action or audit proceedings have been initiated, the grantee may substitute microfilm copies of original records.

c. The Director of the National Science Foundation and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of the grantee organization and of the performing organization, if different, to make audits, examinations, excerpts and transcripts. Further, any negotiated contract in excess of \$10,000 made by the grantee shall include a provision to the effect that the grantee, the Director of the National Science Foundation, the Comptroller General of the United States, or any of their duly authorized representatives shall have access to pertinent records for similar purposes.

d. In order to avoid duplicate recordkeeping, the Foundation may make special arrangements with the grantee to retain any records that are needed for joint use. The Foundation may request transfer to its custody of records not needed by the grantee when it determines that the records possess long-term retention value. When the records are transferred to or maintained by the Foundation, the 3-year retention requirement is not applicable to the grantee. In the rare event that this provision is exercised, the Foundation will negotiate a mutually agreeable arrangement with the grantee regarding reimbursement of costs.

e. Grantees that are institutions of higher education or nonprofit organizations shall arrange for the conduct of audits as required by OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations," except those institutions audited as part of single audits in accordance with OMB Circular A-128, "Audits of State and Local Governments." The grantee shall provide copies of the reports of these audits to the Federal Audit Agency assigned cognizance under OMB Circular A-88. Any Federal Audit of this project deemed necessary by NSF shall build upon the results of such audit(s).

23. Site Visits

The Foundation, through authorized representatives, has the right, at all reasonable times, to make site visits to review project accomplishments and management control systems and to provide such technical assistance as may be required. If any site visit is made by the Foundation on the premises of the grantee or a contractor under a grant, the grantee shall provide and shall require its contractors to provide all reasonable facilities and assistance for the safety and convenience of the Government representatives in the performance of their duties. All site visits and evaluations shall be performed in such a manner as will not unduly delay the work.

24. Suspension or Termination

a. The grant may be suspended or terminated in whole or in part, when the Foundation believes that the grantee has materially failed to comply with the terms and conditions of the grant, or when the Foundation has other reasonable cause, or for any reason by mutual agreement between the Foundation and the grantee upon the request of either party, or when the parties cannot mutually agree to a termination.

b. Normally, action by the Foundation to suspend or terminate a grant will be taken only after the grantee has been informed by the Foundation, or informed of any deficiency on its part and given an opportunity to correct it; but the Foundation may immediately suspend or terminate the grant without notice when it believes such action is reasonable to protect the interests of the Government.

c. No costs incurred during a suspension period or after the effective date of a termination will be allowable, except those costs which, in the opinion of the Foundation, the grantee could not reasonably avoid or eliminate, or which were otherwise authorized by the suspension or termination notice, provided such costs would otherwise be allowable under the terms of the grant and the appropriate Federal cost principles.

d. Within 30 days of the termination date, the grantee will furnish a summary of progress under the grant and an itemized accounting of costs incurred prior to the termination date or pursuant to, above. Final allowable costs under a termination settlement shall be in accordance with the terms of the grant, including this article, and the appropriate Federal cost principles, giving due consideration to the progress under the grant. In no event will the total of NSF payments under a terminated grant exceed the grant amount, or the NSF share when cost sharing was anticipated, whichever is less.

e. A notice of termination other than by mutual agreement and/or the final settlement amount may be subject to review pursuant to Article 25.

f. Any suspension or termination action will be in accordance with this article and *Grant Policy Manual* Section 660.

25. Termination Review Procedure

a. A request for review of a notice of termination should be addressed to the Director, Division of Grants and Contracts, National Science Foundation, 1800 G Street, N.W., Washington, D.C. 20550. It must be postmarked no later than 30 days after the postmarked date of such notice.

b. The request for review must contain a full statement of the grantee's position and the pertinent facts and reasons in support of such position.

c. Review of a notice of termination will be conducted in accordance with *Grant Policy Manual* Section 693.

d. Pending resolution of the request for review, the notice of termination shall remain in effect.

26. Nondiscrimination

a. The grant and any program assisted thereby are subject to the provisions of Title VI of the Civil Rights Act of 1964 (PL 88-352), the

regulations issued pursuant thereto by the Foundation (45 CFR 611), and the Assurance of Compliance which the grantee has filed with the Foundation. No person on the basis of race, color, national origin, or handicap shall be excluded from participation in, be denied benefits of, or otherwise be subjected to discrimination under the grant. In addition, if the project involves an education activity or program, as defined by Title IX of the Education Amendments of 1972 (PL 92-318; 20 U.S.C. 1681-1686), no person on the basis of sex shall be excluded from participation in the project. Further, by acceptance of the grant, the grantee assures the Foundation that it will comply with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and the Foundation's implementing regulations (45 CFR 605), as amended at 55 *Federal Register* 52142), effective March 1, 1982.

b. The grantee shall obtain from each organization that applies to be or serves as a subrecipient, subgrantee or subcontractor under the grant (for other than the provision of commercially available supplies, materials, equipment, or general support services) an Assurance of Compliance with Title VI of the Civil Rights Act of 1964. Civil Rights Act assurances may be filed with the grantee in one of two ways: (1) by written notification that the appropriate Assurance of Compliance form has been executed and filed either with the Foundation or the U.S. Department of Health and Human Services; or (2) by executing and filing with the grantee an NSF Assurance of Compliance Form. The grantee shall obtain assurances pursuant to Section 504 of the Rehabilitation Act of 1973, as amended, from subrecipients by incorporating into the subagreement a provision that acceptance of the subagreement constitutes assurance.

c. The grantee agrees to comply with the Age Discrimination Act of 1975 as implemented by the Department of Health and Human Service regulations at 45 CFR 90 and the regulations of the Foundation at 45 CFR 617. In the event the grantee passes on NSF financial assistance to subrecipients, this provision shall apply to the subrecipients, and the instrument under which the Federal financial assistance is passed to the subrecipient shall contain a provision identical to this provision.

27. National Security: Classifiable Results Originating Under NSF Grants

a. The Foundation does not have original classification authority and does not normally support classified projects. It therefore does not expect that results of NSF-supported research projects will be classifiable, except in very rare instances.

b. Executive Order 12356 [47 *Federal Register* 14874 (1982)] states that basic scientific research information not clearly related to the national security may not be classified [Section 1.6(b)]. Nevertheless, some information concerning (among other things) scientific, technological, or economic matters relating to the national security or cryptology may require classification [Section 1.3(a)].

c. There may therefore be cases when an NSF grantee originates information during the course of an NSF-supported project that the grantee believes requires classification under Executive Order 12356 [Section 1.2(e)].

d. In such a case, the grantee has the responsibility promptly to:

(1) submit the information directly to the U.S. Government agency with appropriate subject matter interest and classification authority, or, if uncertain which agency should receive the information, to the Director of the Information Security Oversight Office, General Services Administration;

(2) protect the information as though it were classified until the grantee is informed that the information does not require classification, but not longer than thirty (30) days after receipt by the agency with subject matter interest or by the General Services Administration; and

(3) notify the cognizant NSF Program Officer.

e. The Executive Order requires the agency with appropriate subject matter interest and classification authority to decide within thirty (30) days whether to classify the material. If it determines the information to require classification, the grantee shall cooperate with that agency, the Foundation, or other appropriate agencies in securing all related project notes and papers.

f. If the information is determined to require classification, the performing organization may wish or need to discontinue the project.

28. Animal Welfare

Any grantee performing research on vertebrate animals shall comply with the Animal Welfare Act (PL 89-544, 1966, as amended, 7 U.S.C. 2131 *et seq.*) and the regulations promulgated thereunder by the Secretary of Agriculture (9 CFR, Subchapter A, Parts 1, 2, 3, and 4) pertaining to the humane care, handling, and treatment of vertebrate animals held or used for research, teaching, or other activities supported by Federal awards. The grantee is expected to ensure that the guidelines described in NIH Publication No. 85-23 (Revised 1985), *Guide for the Care and Use of Laboratory Animals*, are followed; and to comply with the "U.S. Government Principles for the Utilization and Care of Vertebrate Animals Used in Testing, Research, and Training" (included as an appendix to the NIH Guide).

NOTE—The grantee may request registration of its facility and a current listing of licensed dealers from the Regional Office of the Animal and Plant Health Inspection Service (APHIS), USDA, for the region in which its research facility is located. The location of the appropriate APHIS Regional Office, as well as information concerning this program, may be obtained by contacting the Chief Staff Officer, Animal Care Staff, USDA/APHIS, Federal Center Building, Hyattsville, MD 20782.

29. Research Involving Recombinant DNA Molecules

If this grant supports research involving recombinant DNA molecules, the grantee agrees to comply with the requirements of *Grant Policy Manual* Section 712.

30. Clean Air and Water

(Applicable only if the grant exceeds \$100,000, or a facility to be used has been the subject of a conviction under the Clean Air Act [42 U.S.C. 1857c-8(c)(1)] or the Federal Water Pollution Control Act [33 U.S.C. 1319(c)] and is listed by EPA, or the grant is not otherwise exempt.)

The grantee agrees as follows:

a. To comply with all the requirements of Section 114 of the Clean Air Act [42 U.S.C. 1857 *et seq.*, as amended by PL 91-604] and Section 308 of the Federal Water Pollution Control Act [33 U.S.C. 1251 *et seq.*, as amended by PL 92-500], respectively, relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in Section 114 and Section 308 of the Clean Air Act and the Federal Water Pollution Control Act, respectively, and all regulations and guidelines issued thereunder before the award of the grant.

b. That no portion of the work required by the grant will be performed in a facility listed on the Environmental Protection Agency List of Violating Facilities on the date that the grant was awarded unless and until EPA eliminates the name of such facility or facilities from such listing.

c. To use its best efforts to comply with clean air standards and clean water standards at the facility in which the grant is being performed.

d. To insert the substance of the provisions of this article into any nonexempt subcontract.

31. Human Research Subjects

The grantee is responsible for the protection of the rights and welfare of any human subjects involved in research, development and related activities supported by this grant. The grantee agrees to comply with the NSF regulations, entitled, "Federal Policy for the Protection of Human Subjects," published in the *Federal Register*, June 18, 1991, and at 45 CFR 690.

32. Resolution of Conflicting Conditions

Should there be any inconsistency between any special conditions contained in the grant and these Grant General Conditions (GC-1), the special conditions in the grant shall control.

Should there be any inconsistency between these Grant General Conditions (GC-1), any special conditions contained in the grant, and any NSF guides, brochures, etc., cited or included by reference in the grant, the matter should be referred to the NSF Grants Officer for guidance.

OTHER CONSIDERATIONS

33. Liability

The Foundation cannot assume any liability for accidents, illnesses, or claims arising out of any work supported by a grant or for unauthorized use of patented or copyrighted materials. The grantee institution is advised to take such steps as may be deemed necessary to insure or protect itself, its employees and its property.

34. Sharing of Findings, Data, and Other Research Products

a. NSF expects significant findings from research and education activities it supports to be promptly submitted for publication, with authorship that accurately reflects the contributions of those involved. It expects investigators to share with other researchers, at no more than incremental cost and within a reasonable time, the data, samples, physical collections, and other supporting materials created or gathered in the course of the work. It also encourages grantees to share software and inventions or otherwise act to make the innovations they embody widely useful and usable.

b. Adjustments and, where essential, exceptions may be allowed to safeguard the rights of individuals and subjects, the validity of results, or the integrity of collections or to accommodate legitimate interests of investigators.

35. Activities Abroad

The grantee should assure that grant activities carried on outside the United States are coordinated as necessary with appropriate Government authorities and that appropriate licenses, permits or approvals are obtained prior to undertaking proposed activities. The Foundation does not assume responsibility for grantee compliance with the laws and regulations of the country in which the work is to be conducted.